

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7166

BILL NUMBER: SB 409

DATE PREPARED: Jan 22, 2002

BILL AMENDED: Jan 22, 2002

SUBJECT: Insurer Use of Credit Information.

FISCAL ANALYST: Michael Molnar

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill imposes certain requirements and restrictions concerning the use of credit information in the underwriting of property and casualty insurance. The bill excludes commercial lines of insurance from these requirements and restrictions. The bill makes the use of credit information or a credit scoring methodology that violates certain requirements and restrictions an unfair and deceptive act and practice in the business of insurance.

Effective Date: July 1, 2002.

Explanation of State Revenues: (Revised) The bill makes a violation of the requirements for using credit scores in underwriting certain insurance policies an unfair and deceptive act and practice in the business of insurance. The insurer or insurance producer violates IC 27-4-1-4 if they willfully use the credit scoring methodology as a discriminatory tool. A violation of these requirements may result in the levying of civil penalties. Civil penalties will be deposited in the state General Fund. This bill excludes commercial lines of insurance from these requirements and restrictions.

The civil penalties set forth are: \$25,000 for each act or violation, or \$50,000 for each act or violation if the person knew or reasonably should have known that he was in violation of this chapter. The remediation efforts undertaken by the person will be used in determining the amount of the civil penalty. In addition, if the person knew or reasonably should have known that he was in violation of this chapter, the Commissioner may suspend the person's license or certificate of authority.

The total fiscal impact of this bill is not known.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: IC 27-4-1-6.